

C00600743-85

RATIFICATION OF SURFACE OWNER'S AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

That for a valuable consideration, receipt of which is hereby acknowledged, the undersigned, **Maynard G. Ludwig and Marilyn Ludwig, husband and wife**, do hereby ratify, adopt and confirm in all respects that certain Surface Owner's Agreement dated September 25, 1985, between Roman G. Weninger, as Land Owner, and Union Pacific Railroad Company recorded in Book 1086, Page 2186, of the records of Weld County, Colorado, covering all of that certain tract of land situated in the county of Weld, State of Colorado, described as follows:

N.S.
-E/2NE/4- ALL *M.G.L.*

Section 1, Township 3 North, Range 66 West

and the undersigned do hereby ratify and confirm each and every provision of the Surface Owner's Agreement which is by reference made a part hereof with the same force and effect as if the undersigned had originally joined in the execution thereof as Land Owner.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 12 day of Aug, 1993.

Maynard G. Ludwig

SS# [REDACTED]

Marilyn A. Ludwig

SS# [REDACTED]

COUNTY OF Weld)
STATE OF CO)

Before me, the undersigned authority, on this day personally appeared **MAYNARD G. LUDWIG**, known to me to be the identical person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND OFFICIAL SEAL THIS 12 DAY OF Aug, 1993.

Ivana G. Bean
Signature

Ivana G. Bean
Name (print)

My Commission Expires: My commission expires Nov. 30, 1995.

COUNTY OF Weld)
STATE OF CO)

Before me, the undersigned authority, on this day personally appeared MARILYN LUDWIG, known to me to be the identical person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND OFFICIAL SEAL THIS 12 DAY OF Aug, 1993.

Ivana G. Bean
Signature

Ivana G. Bean
Name (print)

My commission expires Nov. 30, 1995.
My Commission expires: _____

LUDWIG UPRR 41-1

FARM #052857

DUPLICATE ORIGINAL
CHAMPLIN COPY

Rev 02027440
Book 1086
File 2186-2193

COOL 00743-85

SURFACE OWNER'S AGREEMENT

Relified

THIS AGREEMENT, made and entered into this 25th
day of September, 1985, by and between

ROMAN G. WENINGER, a married man of Akron, Colorado, 80720

(hereinafter for convenience called the "Land Owner") and
CHAMPLIN PETROLEUM COMPANY (hereinafter for convenience
called "Champlin");

W I T N E S S E T H:

RECITALS:

Land Owner is the owner of the following-described
premises, hereinafter referred to as "described premises":

All of Section One (1), Township Three (3) North, Range Sixty-six (66)
West of the Sixth Principle Meridian, Weld County, Colorado, except
that parcel described in that certain purchase contract to Ronald
Sherman and Kathleen Sherman dated November 24, 1973, Recorded in
Book 703 at Reception Number 1625344 in the Office of the Clerk
and Recorder of Weld County, Colorado.

SUBJECT, however, to exceptions and reservations of minerals and rights of entry and of surface use contained in a certain deed or deeds of conveyance, as follows: Warranty Deed No. 3010, dated November 23, 1909, from Union Pacific Railroad Company to ARCHIBALD W. BARBOUR and WILLIAM W. LOUDEN, recorded December 8, 1909 in Book 233, at Page 266, in the Office of the County Clerk and Recorder of Weld County, Colorado.

Champlin is successor in interest to all the right, title and interest of Union Pacific Railroad Company in and to the oil, gas and associated liquid hydrocarbons in said premises for a term or period equal to or exceeding the term of this Surface Owner's Agreement.

Champlin proposes for Champlin or its agents, lessees, licensees, successors or assigns to prospect upon and explore the described premises for the development and production of oil, gas and associated liquid hydrocarbon substances either on Champlin's behalf or under or pursuant to an oil and gas lease or license, or under or pursuant to a "unitization agreement", meaning here and wherever that term is used herein any operating agreement, or any other agreement covering the exploration or development for or the production of oil, gas or associated liquid hydrocarbons, or any pooling, communitization, unit or other agreement whereby the described premises may be included with other lands in proximity thereto as a unit area under a plan of unit or joint exploration, development and operation.

Besides confirming the surface uses expressly set forth below, this agreement is intended to avoid and resolve any and all disputes of whatever nature in connection with the ownership of oil, gas and associated liquid hydrocarbon substances in the described premises, including rights to extract, remove or market such minerals, and including any such dispute that may arise hereafter, whether or not the basis for such dispute is now known or has been identified in disputes involving exceptions and reservations of minerals in other deeds from Union Pacific Railroad Company or its predecessors.

AGREEMENT:

NOW, THEREFORE, it is agreed as follows:

Section 1. In consideration of the mutual benefits and of the sum of Ten Dollars (\$10) paid by Champlin to Land Owner, receipt whereof is hereby acknowledged, Land Owner hereby confirms, extends and grants to Champlin, its agents, lessees, licensees, successors and assigns, including any operator or unit operator from time to time in charge of operations under a unitization agreement, and their respective

successors and assigns, the easements and rights to enter upon the described premises and any lands adjacent or contiguous thereto owned or claimed by the Land Owner and to extract, remove, store, transport, and market for its or their account oil, gas, and associated liquid hydrocarbon substances in or from said described premises, and to drill, construct, maintain and use upon, within, and over said described premises all oil wells, gas wells, derricks, machinery, tanks, drips, boilers, engines, pipelines, power and telephone lines, roadways, water wells, and, without limitation by reason of the foregoing enumeration, any and all other structures, equipment, fixtures, appurtenances, or facilities (all of the above being included under the term "facilities") necessary or convenient in prospecting and developing for, producing, storing, transporting, and marketing oil, gas, and associated liquid hydrocarbon substances under or produced from any portion of the described premises or under or produced from any portion of the unit area created under a unitization agreement, together with the right to remove said facilities and the right to use such water as may be needed from the described premises, not including water from Land Owner's wells.

Section 2. Champlin agrees, so long as it is receiving oil and/or gas production from or oil and/or gas royalties upon production from the described premises or allocated thereto under the provisions of a unitization agreement, to pay or cause to be paid to the Land Owner in cash the value (which shall never be greater than the amount realized by Champlin from the sale of such production) on the premises of two and one-half percent (2-1/2%) of all the oil and gas and associated liquid hydrocarbons hereafter produced, saved, and marketed therefrom or allocated thereto as aforesaid, except oil and gas and associated liquid hydrocarbons used in operations on the premises or used under the unitization agreement, and except that as to casinghead gasoline and other products manufactured from gas there shall be deducted the cost of manufacture; provided, however, that during any time the described premises or any portion thereof are included within the boundaries of a participating, pooled, or communitized area, and there is no provision for the payment of royalties to Champlin but it participates in the production from the pooled, communitized, or unit area as a working interest owner, then the two and one-half percent (2-1/2%) above set forth shall be applied to that percentage of the total production from such area which is allocated to the described premises. Any payment made to the Land Owner pursuant to this Section 2 for production which is sold or which is used off the premises shall be calculated after deducting all taxes, now or hereafter levied against, paid on, or measured by production or the value thereof, and after deducting all costs incurred or borne by Champlin for treating the production to make it merchantable, and for gathering,

transporting and compressing the production prior to delivery to the purchaser at the point of sale or use.

When production of oil from lands under several surface ownerships is commingled in one central tank setting for practical operating reasons, periodic individual well tests may be made to compute the quantities of commingled oil properly allocable to each well, and the two and one-half percent (2-1/2%) payment provided herein shall be payable upon the quantities apportioned to each well as reported to Champlin in full satisfaction of the obligations of Champlin under this Section 2.

Section 3. Nothing herein contained shall be construed as a covenant to drill by Champlin, its agents, lessees, licensees, successors, or assigns, or by any operator or unit operator, or as a grant to Land Owner of oil or gas rights or rights in other associated liquid hydrocarbons.

Section 4. Champlin, its agents, lessees, licensees, successors and assigns, including the operator or unit operator under a unitization agreement, shall be required: (a) to pay for all damage to Land Owner's lands, buildings, and growing crops caused by the erection or construction of facilities to be used in connection with oil or gas or associated liquid hydrocarbon operations; (b) to bury all pipelines below plow depth where such lines cross cultivated land; and (c) to construct gates or, at its option, install cattle guards where necessary for crossing fenced land in connection with exploration, development, or producing operations and, where an election has been made to construct gates in lieu of cattle guards, to keep such gates in repair and closed. In no event shall the amount of damages exceed the value (as determined by the use of the land at the time the damages are sustained) of that portion of the Land Owner's lands actually used by Champlin, its agents, lessees, licensees, successors or assigns, for the location of its facilities. The fact that damages have not been agreed upon shall in no way delay, restrict, impair or diminish the right of Champlin, its agents, lessees, licensees, successors and assigns to commence or conduct oil and gas operations on the described premises.

Section 5. Other than the payments to be made as aforesaid, the Land Owner shall not be entitled to any other or additional payments as a result of the conduct of the operations described in Section 1 hereof, and Land Owner will claim no right, title or interest in or to the oil, gas, and associated liquid hydrocarbon substances in the described premises.

Section 6. Subject to the provisions of Section 8 hereof, it is agreed that the covenants to pay the sums provided in Sections 2 and 4 hereof shall be covenants running

with the surface ownership of the described premises and shall not be held or transferred separately therefrom, and any sums payable under this agreement shall be paid to the person or persons owning the surface of the described premises as of the date the oil or gas or associated liquid hydrocarbon production is marketed. Champlin shall not, however, become obligated to make such payments to any subsequent purchaser of the described premises and shall continue to make such payments to the Land Owner until the first day of the month following the receipt by Champlin of notice of change of ownership, consisting of the original or certified copies of the instrument or instruments constituting a complete chain of title from the Land Owner to the party claiming such ownership, and then only as to payments thereafter made.

Section 7. The easements, rights, and uses herein shall be binding upon the described premises and each and every part thereof, and the present and future owners thereof, and shall continue for the benefit of Champlin and its successors and assigns, as owners of the oil and/or gas and/or associated liquid hydrocarbon rights in the described premises and each and every part thereof, and their agents, lessees, licensees, successors, and assigns, including any operator or unit operator, and for the benefit of other lands within any unit area within which the described premises, or any portion thereof may be included, and each and every part thereof.

Section 8. This agreement shall be in full force and effect from and after execution and delivery and shall continue in full force and effect for a period of one (1) year and so long thereafter as the oil and gas rights in the described premises are committed to an oil and gas lease or license or to a unitization agreement, or so long as a well capable of producing oil or gas or associated liquid hydrocarbons is located upon the described premises, or drilling or reworking operations are being conducted thereon, and, upon termination of such lease, license, or unitization agreement, or upon abandonment of such well, or upon cessation of such drilling or reworking operations, whichever last occurs, this agreement shall terminate; provided, however, that such termination shall neither affect nor terminate the rights, expressed or implied, in the deed or deeds referred to in the Recitals hereof.

Section 9. Subject to the provisions of Sections 6 and 8 hereof, this agreement shall inure to the

benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, and assigns.

Section 10. MADELEINE WENINGER, spouse of the above-named Land Owner, does hereby join in the execution of the foregoing agreement, hereby releasing and waiving all right of homestead and dower in and to the lands above described.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

CHAMPLIN PETROLEUM COMPANY

By *Rm [Signature]*
Attorney in Fact

WITNESS:

Roman G. Weninger
ROMAN G. WENINGER - Land Owner

Social Security Number

Madeline Weninger
MADELEINE WENINGER - Wife of Land Owner

Social Security Number

INDIVIDUAL ACKNOWLEDGMENT

State of)
County of) ss

On this 25th day of September, 1985,
before me personally appeared ROMAN G. WENINGER

and MADELEINE WENINGER, his wife, to me known to be
the persons described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

My Commission expires My Commission expires February 5, 1989

Jeanine Koch
Notary Public

Residing at 190 Main
Akron, CO 80720

Attorney in Fact - Corporate Acknowledgment

State of COLORADO)
) ss
County of Arapahoe)

The foregoing instrument was acknowledged before me this 30th day of September, 19 85, by R. M. Mass, an Attorney in Fact of Champlin Petroleum Company, a Delaware corporation, on behalf of the corporation.

(SEAL)

CAROLEE SMITH
NOTARY PUBLIC, STATE OF COLORADO
MY COMMISSION EXPIRES 6/19/89
JEFFERSON COUNTY

Carolee Smith
Notary Public

5800 South Quebec Street
Englewood, CO 80111